NEWS RELEASE **FOR IMMEDIATE RELEASE**

COLABOR GROUP REPORTS RESULTS FOR THE THIRD QUARTER OF 2016

- **Net earnings of $2.7 million, up 213.8% from $0.9 million a year ago**
- **Adjusted EBITDA of $9.2 million, up 14.6% from $8.0 million a year ago**
- **Strong increase of $19.9 million in cash flow from operating activities**
- **Total debt down $16.6 million from last year which now amounts to $175.0 million**
- **Successful conclusion of Colabor's recapitalization plan which significantly reduces debt and provides greater flexibility**

Notice to readers: Please see the press release issued previously regarding the closing of the recapitalization transactions for more information on those transactions. This press release is not available in the United States.

Boucherville, Quebec, October 13, 2016 – Colabor Group Inc. (TSX: GCL) ("Colabor" or the "Corporation") today reported its results for the third quarter of fiscal 2016 ended September 3, 2016.

"For a third consecutive quarter, Colabor recorded a strong year-over-year increase in operating profitability. This increase reflects cost reductions related to the implementation of our rationalization plan and the steady improvement of our operating performance. Moreover, the unfavourable effect on profitability related to the renewal of large contracts in the first half of fiscal 2015 is now behind us. As a result, Colabor posted net earnings of $2.7 million, up sharply from last year," said Claude Gariépy, President and Chief Executive Officer of Colabor.

Financial highlights	**Quarter ended**		**Nine-month period ended**	
(thousands of dollars except per-share data)	**Sept. 3, 2016**	**Sept. 5, 2015**	**Sept. 3, 2016**	**Sept. 5, 2015**
Sales	**360,857**	366,931	**1,032,722**	1,038,228
Adjusted EBITDA	**9,196**	8,027	**21,175**	17,003
Operating earnings before the following items	**6,573**	4,384	**13,180**	6,539
Impairment loss on equity investment	**-**	-	**-**	1,731
Charges not related to current operations	**-**	336	**3,337**	1,681
Net earnings (loss)	**2,708**	863	**483**	(4,450)
Per share – basic and diluted ($)	**0.10**	0.03	**0.02**	(0.16)
Cash flow from operations*	**22,991**	3,055	**17,658**	14,524
Weighted average number of shares outstanding (basic, in thousands)	**27,454**	27,454	**27,454**	27,454

* After the net change in working capital.

THIRD QUARTER RESULTS

Consolidated sales were $360.9 million for the 84-day period ended September 3, 2016, compared to $366.9 million for the 84-day period ended September 5, 2015. This decrease was attributable to the Wholesale segment, partially offset by improvement in the Distribution segment on a fully-comparable basis.

Sales for the Distribution segment rose 1.6% to $254.3 million from $250.3 million a year earlier, essentially due to the Ontario division, as a result of the growth of important customers, and to the Norref division. These factors were somewhat offset by lower sales at the CDA division that were partly due to the loss of a customer in New Brunswick.

Sales for the Wholesale segment were $106.6 million, down from $116.7 million last year. The 8.7% decrease reflects lower sales for the Décarie division, partly due to an important decline in beef prices and a voluntary reduction in sales for some categories, and to a lesser extent for the Boucherville division, due to the non-renewal of a low-margin supply agreement.

Adjusted EBITDA was $9.2 million or 2.55% of sales, up 14.6% from $8.0 million or 2.19% of sales in the third quarter of 2015. The increase primarily reflects the positive impact of the cost reduction measures in Colabor's rationalization plan. In addition, the year-over-year margin comparison is no longer affected by the impact of the large contract renewals signed in the first half of 2015.

Given the increase in adjusted EBITDA, and excluding charges not related to current operations incurred in the third quarter of 2015, operating earnings, i.e., earnings before financial expenses and income taxes, increased 50.0% from $4.4 million last year to $6.6 million this year. As a result of this improved operating profitability, Colabor ended the third quarter of 2016 with pre-tax earnings of $3.9 million, compared to $1.0 million last year, and net earnings of $2.7 million, up sharply from $0.9 million a year earlier.

NINE-MONTH RESULTS
Consolidated sales were $1.03 billion for the 252-day period ended September 3, 2016, compared to $1.04 billion for the 252-day period ended September 5, 2015. Adjusted EBITDA was $21.2 million or 2.05% of sales, up from $17.0 million or 1.64% of sales a year earlier. Excluding charges not related to current operations, operating earnings more than doubled to stand at $13.2 million, compared to $6.5 million last year. Finally, net earnings for the first nine months of 2016 were $0.5 million, compared to a net loss of $4.5 million for the first nine months of 2015.

CASH FLOW AND FINANCIAL POSITION
Cash flow from operations amounted to $23.0 million in the third quarter of 2016, compared to $3.1 million for the same period in 2015. The $19.9 million difference is mainly attributable to the generation of $14.1 million in working capital in 2016 compared to a use of $4.3 million last year, as well as to improved profitability.

As at September 3, 2016, the Company had drawn $76.5 million on its credit facility, compared to $97.7 million three months earlier. The decrease was essentially due to the strong cash flow generated during the quarter. At the same date, total debt including long-term debt, convertible debentures and the bank overdraft totalled $175.0 million, down $16.6 million from the same period a year earlier.

At the end of the quarter, the bank loan and a portion of the Corporation's long-term debt and convertible debentures were set to mature in the next 12 months. Consequently, an amount of $147.1 million was presented as part of current liabilities as at September 3, 2016. On a pro forma basis for the recapitalization transactions, no amounts are shown for current liabilities.

Financial position as at September 3, 2016	Total debt / Adjusted EBITDA	Total debt / Total capitalization	Credit facility usage	Value of current liabilities
As presented in financial statements	5.8x	72.2%	54.6% ($76.5 M)	$255.5 M
PRO FORMA	4.1x	52.2%	31.0% ($43.5 M)	$108.8 M

OUTLOOK
"Given the closing of the recapitalization transactions, which was disclosed in a separate press release, Colabor will have greater flexibility in regards to reinvesting in its operations, taking advantage of opportunities and continuing to execute its business strategy. With the support of the Board, Colabor's management will step up efforts to achieve its objectives in order to increase our penetration in the food service industry and create sustainable value for our shareholders," added Mr. Gariépy.

“Taking into account the recapitalization process, Colabor’s ratio of total net debt to adjusted EBITDA for the last 12 months decreased from 5.8 to 4.1 times on a pro forma basis. In addition, our annual financial expenses will be reduced by approximately $3.0 million. This increased flexibility, combined with our improved operational efficiency, gives us a solid foundation to carry out our operations,” said Jean-François Neault, Vice President and Chief Financial Officer of Colabor.

CONFERENCE CALL

Colabor will hold a conference call to discuss these results on Thursday, October 13, 2016, beginning at 11:00 a.m. Eastern Time. Interested parties can join the call by dialling 647-788-4922 (from Toronto and overseas) or 1-877-223-4471 (from elsewhere in North America). If you are unable to participate, you can listen to a recording by dialling 1-800-585-8367 and entering the code 92771167 on your telephone keypad. The recording will be available from 2:00 p.m. Thursday, October 13, 2016, until 11:59 p.m. Thursday, October 20, 2016.

Those wishing to join the webcast and presentation can do so by clicking on the following link:
http://www.colabor.com/en/investisseurs/evenements-et-presentations/

NON-IFRS MEASURES

The information provided in this release includes non-IFRS performance measures, notably earnings before financial expenses, income taxes, depreciation and amortization (“EBITDA”) and cash flow. As these concepts are not defined by IFRS, they may not be comparable to those of other companies.

ADDITIONAL INFORMATION

The Corporation’s Management Discussion and Analysis and the financial statements will be available on SEDAR (www.sedar.com) following publication of this release. Additional information about Colabor Group Inc. can be found on SEDAR and on the Corporation’s website at www.colabor.com.

FORWARD-LOOKING STATEMENTS

This news release contains certain statements that may be deemed forward-looking statements reflecting the opinions or current expectations of Colabor Group Inc. concerning its performance, business operations and future events. Such statements are subject to risks, uncertainties and assumptions and the analysis of the debt structure and available alternatives, and risks mentioned in the Corporation’s annual information form found under its profile on SEDAR (www.sedar.com), such as the risk of dilution for existing shareholders. As such, these statements are not guarantees of future performance, and actual results, realities, or events may differ materially. Except as required by law, the Corporation assumes no obligation to update these forward-looking statements in the event that management’s beliefs, estimates or opinions or other factors change.

ABOUT COLABOR

Colabor is a distributor and wholesaler of food and non-food products serving the foodservice market (cafeterias, restaurants, hotels, restaurant chains) in Québec, Ontario and the Atlantic provinces, as well as the retail market (grocery stores and convenience stores).

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Further information:

Investors:
Colabor Group Inc.
Jean-François Neault, CPA, CMA, MBA
Vice President and Chief Financial Officer
Tel. 450-449-0026 Ext 1308
Fax: 450-449-6180
jean-francois.neault@colabor.com

Media:
Maison Brison Inc.
Martin Goulet, CFA
Senior Vice President, Investor Relations
Tel. 514-731-0000 Ext 229
Fax: 514-731-4525
martin@maisonbrison.com